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Paul Norris

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RADER, FISHMAN & GRAUER, PLLC (FAN MATTERS)

LION BUILDING

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EXAMINER

GRAHAM, CLEMENT B

ART UNIT

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**Please find below and/or attached an Office communication concerning this application or proceeding.**

The time period for reply, if any, is set in the attached communication.

<b>Office Action Summary</b>	<b>Application No.</b> 09/998,332	<b>Applicant(s)</b> NORRIS, PAUL	
	<b>Examiner</b> CLEMENT B. GRAHAM	<b>Art Unit</b> 3692	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

### Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

### Status

- 1) ☒ Responsive to communication(s) filed on 06 December 2007.
- 2a) ☒ This action is **FINAL**.                      2b) ☐ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

### Disposition of Claims

- 4) ☒ Claim(s) 1-28 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 1-28 is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

### Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on \_\_\_\_\_ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.  
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

### Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All    b) ☐ Some \*    c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
  2. ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
  3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

\* See the attached detailed Office action for a list of the certified copies not received.

### Attachment(s)

- |  |   |
|--|---|
| 1) <input type="checkbox"/> Notice of References Cited (PTO-892)                       | 4) <input type="checkbox"/> Interview Summary (PTO-413)           |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948)   | Paper No(s)/Mail Date. _____                                      |
| 3) <input checked="" type="checkbox"/> Information Disclosure Statement(s) (PTO/SB/08) | 5) <input type="checkbox"/> Notice of Informal Patent Application |
| Paper No(s)/Mail Date <u>4/22/02</u> .   | 6) <input type="checkbox"/> Other: _____                          |

### **DETAILED ACTION**

1. Claims 1-27 remained pending in this Application and claim 28 has been added.

#### **Claim Rejections - 35 USC § 101**

2. 35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

Claims 1, 10, 18-19, are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter.

Applicant's claims are directed to an algorithm. Specifically, claim 1 recites "retaining", "determining" and "offering", however these steps are mere ideas in the abstract (i.e., abstract idea, law of nature, natural phenomena) that do not apply, involve, for example) and abstract ideas without a practical application are found to be non-statutory subject matter. Therefore, Applicant's claims are non-statutory as they do not produce a useful, concrete and tangible result.

#### **Claim Rejections - 35 USC § 112**

3. The following is a quotation of the second paragraph of 35 U.S.C. 112:  
The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

4. Claims 1, 10, 18-19. are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention.

In particular, Claims 1, 10, 18-19, recites the word [" determining when the security is being squeezed"].

However this language fails to distinctly claim Applicant's invention because the scope of the claim is unclear, "what happen if the security is not being squeezed" ?---.

Moreover the specification fails to clarify, the meaning of the limitation. Appropriate correction is required.

#### **Claim Rejections - 35 USC § 103**

5. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

6. Claims 1-28, are rejected under 35 U.S.C. 103(a) as being unpatentable over Lupien et al (Hereinafter Lupien U.S Patent 5, 101, 353 in view Dictionary of Finance, (Hereinafter Dictionary, Fourth Edition 1995).

As per claim 1, Lupien discloses a method for enhancing the liquidity of a tradable security, comprising the steps of:

holding an issue of the security; retaining a first portion of the holding;

and offering to the market a second portion of the holding during the other than for the purpose of effecting non-borrowed reserves and to enhance the liquidity of the market for the security.(Note abstract and see column 2 lines 60-67 and column 3 lines 1-67).

Lupien fail to explicitly teach determining when the security is being squeezed.

However Dictionary discloses a security squeeze is tight money period, when loan money is scarce and interest rates are high, making borrowing difficult and expensive and is also called credit crunch, any situation where increased cost cannot be passed on the customers in form of higher prices.(see page 550 lines 23-33).

Therefore it would have been obvious to one of ordinary skill in the art at the time the invention was made to modify the teachings of Lupien to include determining when the security is being squeezed taught by Dictionary in order to determine what steps would be taken to enhance the liquidity of the market for the security.

As per claim 2, Lupien discloses wherein the step of offering to the market a second portion of the holding further comprises the step of auctioning the second portion of the holding to a group of market participants according to a predetermined bid range. (Note abstract and see column 2 lines 60-67 and column 3 lines 1-67 and column 15 lines 38-67 and column 16 lines 1-35).

As per claim 3, Lupien discloses wherein the bid range comprises a minimum bid set at a rate that is greater than or equal to about the rate for general collateral less about 175 basis points and not

less than about 1 %. . (Note abstract and see column 2 lines 60-67 and column 3 lines 1-67 and column 15 lines 38-67 and column 16 lines 1-35).

As per claim 4, Lupien discloses further comprising the step of determining the results of the auction according to a pre-determined format. . (Note abstract and see column 2 lines 60-67 and column 3 lines 1-67 and column 15 lines 38-67 and column 16 lines 1-35).

As per claim 5, Lupien discloses wherein the first portion varies between a range of about 25% to about 50% of the issue. . (Note abstract and see column 2 lines 60-67 and column 3 lines 1-67 and column 15 lines 38-67 and column 16 lines 1-35).

As per claim 6, Lupien discloses wherein the second portion varies between a range of about 10% to about 25% of the issue. . (Note abstract and see column 2 lines 60-67 and column 3 lines 1-67 and column 15 lines 38-67 and column 16 lines 1-35).

As per claim 7, Lupien discloses wherein the second portion comprises all of the first portion. . (Note abstract and see column 2 lines 60-67 and column 3 lines 1-67 and column 15 lines 38-67 and column 16 lines 1-35).

As per claim 8, Lupien discloses wherein the second portion comprises less than all of the first portion. . (Note abstract and see column 2 lines 60-67 and column 3 lines 1-67 and column 15 lines 38-67 and column 16 lines 1-35).

As per claim 9, Lupien discloses further comprising the step of repoing the second portion of the holding. . (Note abstract and see column 2 lines 60-67 and column 3 lines 1-67 and column 15 lines 38-67 and column 16 lines 1-35).

As per claim 10, Lupien discloses a method for enhancing the liquidity of a tradable security, comprising the steps of:

issuing the security, retaining a first portion of the issuance of the security.(see column 1-5 paragraph 0002-0035 and column 6-12 paragraph 0036-0113)

establishing criteria for lending a second portion of the retained first portion of the

issuance. (see column 2 lines 60-67 and column 3 lines 1-67 and column 15 lines 38-67 and column 16 lines 1-35) lending the second portion of the issuance of the security pursuant to the criteria other than for the purpose of effecting non-borrowed reserves;

(Note abstract and see column 2 lines 60-67 and column 3 lines 1-67 and column 15 lines 38-67 and column 16 lines 1-35).

Lupien fail to explicitly teach comment to provide a repo facility for the security, repoining the second portion of the issuance pursuant to the criteria.

However Dictionary discloses comment to provide a repo facility for the security, repoining the second portion of the issuance pursuant to the criteria.(see page 476 lines 12-29).

Therefore it would have been obvious to one of ordinary skill in the art at the time the invention was made to modify the teachings of Lupien to include comment to provide a repo facility for the security, repoining the second portion of the issuance pursuant to the criteria taught by Dictionary in order to provide a repurchase agreement.

As per claim 11, Lupien discloses wherein the step of lending the second portion of the issuance further comprises the step of auctioning the second portion of the issuance to a group of market participants, and the established criteria comprises a pre-determined bid range. . (Note abstract and see column 2 lines 60-67 and column 3 lines 1-67 and column 15 lines 38-67 and column 16 lines 1-35).

As per claim 12, Lupien discloses wherein the bid range comprises a minimum bid set at a rate that is greater than or equal to about the rate for general collateral less about 175 basis points and not less than about 1%... . (Note abstract and see column 2 lines 60-67 and column 3 lines 1-67 and column 15 lines 38-67 and column 16 lines 1-35).

As per claim 13, Lupien discloses further comprising the step of determining the results of the auction according to a pre-determined format. . (Note abstract and see column 2 lines 60-67 and column 3 lines 1-67 and column 15 lines 38-67 and column 16 lines 1-35).

As per claim 14, Lupien discloses wherein the first portion varies between the range of about 25% to about 50% of the issue. . (Note abstract and see column 2 lines 60-67 and column 3 lines 1-67 and column 15 lines 38-67 and column 16 lines 1-35).

As per claim 15, Lupien discloses wherein the second portion varies between the range of about 10% to about 25% of the issue. . (Note abstract and see column 2 lines 60-67 and column 3 lines 1-67 and column 15 lines 38-67 and column 16 lines 1-35).

As per claim 16, Lupien discloses wherein the second portion comprises all of the first portion. . (Note abstract and see column 2 lines 60-67 and column 3 lines 1-67 and column 15 lines 38-67 and column 16 lines 1-35).

As per claim 17, Lupien discloses wherein the second portion comprises less than all of the first portion. . (Note abstract and see column 2 lines 60-67 and column 3 lines 1-67 and column 15 lines 38-67 and column 16 lines 1-35).

As per claim 18, Lupien discloses a system for repoing a security in a market, comprising:  
commitment to the market to repo the security;  
issuance means for issuing the security;  
retention means for retaining a portion of the security (Note abstract and see column 2 lines 60-67 and column 3 lines 1-67 and column 15 lines 38-67 and column 16 lines 1-35) lending means for lending a second portion of the retained securities when the market for the security is special other than for the purpose of effecting non borrowed reserves; and  
(Note abstract and see column 2 lines 60-67 and column 3 lines 1-67 and column 15 lines 38-67 and column 16 lines 1-35).

Lupien fail to explicitly teach commitment to the market to repo the security, and repoing the securities to enhance the liquidity of the security.

However Dictionary commitment to the market to repo the security, and repoing the securities to enhance the liquidity of the security.(see page 476 lines 12-29).

Therefore it would have been obvious to one of ordinary skill in the art at the time the invention was made to modify the teachings of Lupien to include commitment to the market to repo the security, and repoing the securities to enhance the liquidity of the security taught by Dictionary in order to enhance the liquidity of the security by providing a repurchase agreement.

As per claim 19, Lupien discloses a method for enhancing the liquidity of a tradable security by an entity selected from the group consisting of: a private issuer, a non-treasury entity, a non-governmental entity, and a non-agency entity, said method comprising the steps of:  
holding an issue of a security; retaining a first portion of the holding;  
and offering to the market a second portion of the holding during the other than for the purpose of effecting non-borrowed reserves and to enhance the liquidity of the market for the security. (Note abstract and see column 2 lines 60-67 and column 3 lines 1-67).

Lupien fail to explicitly teach determining when the security is being squeezed.

However Dictionary discloses a security squeeze is tight money period, when loan money is scarce and interest rates are high, making borrowing difficult and expensive and is also called

credit crunch, any situation where increased cost cannot be passed on the customers in form of higher prices.(see page 550 lines 23-33).

Therefore it would have been obvious to one of ordinary skill in the art at the time the invention was made to modify the teachings of Lupien to include determining when the security is being squeezed taught by Dictionary in order to determine what steps would be taken to enhance the liquidity of the market for the security.

As per claim 20, Lupien discloses wherein the step of offering to the market a second portion of the holding further comprises the step of auctioning the second portion of the holding to a group of market participants according to a predetermined bid range. . (Note abstract and see column 2 lines 60-67 and column 3 lines 1-67 and column 15 lines 38-67 and column 16 lines 1-35).

As per claim 21, Lupien discloses wherein the bid range comprises a minimum bid set at a rate that is greater than or equal to about the rate for general collateral less about 175 basis points and not less than about 1%.. (Note abstract and see column 2 lines 60-67 and column 3 lines 1-67 and column 15 lines 38-67 and column 16 lines 1-35).

As per claim 22, Lupien discloses further comprising the step of determining the results of the auction according to a pre-determined format. . (Note abstract and see column 2 lines 60-67 and column 3 lines 1-67 and column 15 lines 38-67 and column 16 lines 1-35).

As per claim 23, Lupien discloses wherein the first portion varies between a range of about 25% to about 50% of the issue. . . (Note abstract and see column 2 lines 60-67 and column 3 lines 1-67 and column 15 lines 38-67 and column 16 lines 1-35).

As per claim 24, Lupien discloses wherein the second portion varies between a range of about 10% to about 25% of the issue. . (Note abstract and see column 2 lines 60-67 and column 3 lines 1-67 and column 15 lines 38-67 and column 16 lines 1-35).

As per claim 25, Lupien discloses wherein the second portion comprises all of the first portion. . (Note abstract and see column 2 lines 60-67 and column 3 lines 1-67 and column 15 lines 38-67 and column 16 lines 1-35).

As per claim 26, Lupien discloses wherein the second portion comprises less than all of the first portion. . (Note abstract and see column 2 lines 60-67 and column 3 lines 1-67 and column 15 lines 38-67 and column 16 lines 1-35).



As per claim 27, Lupien discloses further comprising the step of repoing the second portion of the holding. (Note abstract and see column 2 lines 60-67 and column 3 lines 1-67 and column 15 lines 38-67 and column 16 lines 1-35).

As per claim 28, Lupien discloses a method for enhancing the liquidity of a tradable security stored on a computer readable medium for causing a computer to perform the steps comprising: holding an issue of the security; retaining a first portion of the holding and offering to the market a second portion of the holding to enhance the liquidity of the market for the security.(Note abstract and see column 2 lines 60-67 and column 3 lines 1-67).  
determining that the security is being squeezed, and during the squeeze.

Lupien fail to explicitly teach determining when the security is being squeezed.

However Dictionary discloses a security squeeze is tight money period, when loan money is scarce and interest rates are high, making borrowing difficult and expensive and is also called credit crunch, any situation where increased cost cannot be passed on the customers in form of higher prices.(see page 550 lines 23-33).

Therefore it would have been obvious to one of ordinary skill in the art at the time the invention was made to modify the teachings of Lupien to include determining that the security is being squeezed, and during the squeeze taught by Dictionary in order to determine what steps would be taken to enhance the liquidity of the market for the security.

### **Conclusion**

### **RESPONSE TO ARGUMENTS**

7. Applicant's arguments filed 12/6/07 has been fully considered but they are not persuasive for the following reasons.

In response to Applicant's arguments that Lupien nor Dictionary of Finance fail to teach or suggest "retaining a first portion of the holding; determining when the security is being squeezed," and offering to the market a second portion of the holding during the squeeze other than for the purpose of effecting non- borrowed reserves and to enhance the liquidity of the market for the security and any particular security trading strategy. a trading strategy employing squeeze securities or the buying or selling of only a portion of a given security holding. Instead, and retaining a first portion of the holding; determining when the security is being squeezed," and offering to the market a second portion of the holding during the squeeze other than for the

purpose of effecting non-borrowed reserves and to enhance the liquidity of the market for the security", the examiner disagrees with Applicant's because these limitations were addressed as stated.

Lupien discloses a method for enhancing the liquidity of a tradable security, comprising the steps holding an issue of the security; retaining a first portion of the holding and offering to the market a second portion of the holding during the other than for the purpose of effecting non-borrowed reserves and to enhance the liquidity of the market for the security.(Note abstract and see column 2 lines 60-67 and column 3 lines 1-67).

Dictionary discloses a security squeeze is tight money period, when loan money is scarce and interest rates are high, making borrowing difficult and expensive and is also called credit crunch, any situation where increased cost cannot be passed on the customers in form of higher prices.(see page 550 lines 23-33).

Therefore it would have been obvious to one of ordinary skill in the art at the time the invention that Applicant's claimed limitations were addressed with the teachings of Lupien and Dictionary.

8. In response to Applicant's traversing the combine teachings of Lupien and Dictionary the Examiner recognizes that obviousness can only be established by combining or modifying the teachings of the prior art to produce the claimed invention where there is some teaching, suggestion, or motivation to do so found either in the references themselves or in the knowledge generally available to one of ordinary skill in the art. See *In re Fine*, 837 F.2d 1071, 5 USPQ2d 1596 (Fed. Cir. 1988) and *In re Jones*, 958 F.2d 347, 21 USPQ2d 1941 (Fed. Cir. 1992).

The rationale to modify or combine the prior art does not have to be expressly stated in the prior art; the rationale may be expressly or impliedly contained in the prior art or it may be reasoned from knowledge generally available to one of ordinary skill in the art, established scientific principles, or legal precedent established by prior case law. *In re Fine*, 837 F.2d 1071, 5USPQ2d 1596 (Fed. Cir. 1988); *In re Jones*, 958 F.2d 347, 21 USPQ2d 1941 (Fed. Cir. 1992). See also *In re Eli Lilli & Co.*, 902 F.2d 943, 14 USPQ2d 1741 (Fed. Cir. 1990) (discussion of reliance on legal precedent); *In re Nilssen*, 851 F.2d 1401, 7USPQ2d 1500 (Fed. Cir. 1988) (references do not have to explicitly suggest combining teachings); *Ex parte Clapp*, 227 USPQ 972 (Bd. Pat.

App & Inter); and *Es parte Levengood*, 28 USPQ2d 1300 (Bd. Pat. App. & Inter. 1993) (reliance on logic and sound scientific reasoning).

Also in reference to *Ex parte Levengood*, 28 USPQ2d, 1301, the court stated that "Obviousness is a legal conclusion, the determination of which is a question of patent law.

Motivation for combining the teachings of the various references need not to explicitly found in the reference themselves, *In re Keller*, 642 F.2d 413, 208USPQ 871 (CCPA 1981). Indeed, the Examiner may provide an explanation based on logic and sound scientific reasoning that will support a holding of obviousness. *In re Soli*, 317 F.2d 941 137 USPQ 797 (CCPA 1963)."

9. **THIS ACTION IS MADE FINAL.** Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire THREE MONTHS from the mailing date of this action. In the event a first reply is filed within TWO MONTHS of the mailing date of this final action and the advisory action is not mailed until after the end of the THREE-MONTH shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than SIX MONTHS from the mailing date of this final action.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to CLEMENT B. GRAHAM whose telephone number is (571)272-6795. The examiner can normally be reached on 7am to 5pm.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Kambiz Abdi can be reached on (571) 272-6702. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

/Frantzy Poinvil/

Primary Examiner, Art Unit 3692

April 14, 2008  
CG ART UNIT 3692